

4 FAH-3 H-350 UNITED STATES GOVERNMENT DEPOSITARIES

4 FAH-3 H-351 GENERAL

(TL:FMP-2; 4-30-95)

Establishment and operations of U.S. Government depositaries abroad, including selection of depositaries and maintenance, reconciling, and reporting of accounts are carried out in accordance with requirements established herein.

4 FAH-3 H-351.1 Definitions

(TL:FMP-2; 4-30-95)

a. **Designated Depository**—A United States or foreign commercial bank or banking institution which has been designated by the Secretary of the Treasury as an official depository to hold U.S. Government (USG) funds for the account of the United States.

b. **Designated Depository Account**—The checking account maintained with the designated depository by a USG disbursing officer or Class B cashier.

c. **Designated Depository Check**—A check drawn on the designated depository payable from the designated depository checking account.

d. **Confirmed Deposit**—A deposit transaction evidenced by a bank deposit ticket, slip or other deposit receipt, which has been officially approved by the designated depository showing the date on which the deposit will be credited to the designated depository checking account.

e. **Uncurrent Designated Depository Check**—A check drawn on the designated depository which is unpaid and outstanding against the designated depository checking account for at least one full fiscal year after the fiscal year in which the check was issued, except where the local laws provide that the negotiable period of a check is shorter.

f. **Current Designated depository Check**. A check unpaid and outstanding against the designated depository checking account for any time less than one full fiscal year after the fiscal year in which the check was issued.

4 FAH-3 H-351.2 Establishing an Account

4 FAH-3 H-351.2-1 Criteria for the Selection of Banks

(TL:FMP-2; 4-30-95)

a. Factors to be used in the selection of a new bank. Services will be evaluated in descending order in the following three categories:

(1) Category A—Services relative to maintenance of the operating account. Examples:

- processing of checks and deposits;
- submission of bank statements (monthly or daily as required by USDO);
- where possible and/or customary, return of all canceled checks;
- providing daily bank balance;
- processing funds transfer;
- stop payments fees if any; and
- overdraft fees if any.

(2) Category B—Other services desired by Embassy. Examples:

- Providing accommodation exchange at Embassy; and
- Services which are customary locally.

(3) Category C—Percentage of American ownership. Example:

—Preference will be given to American owned banks unless a local bank's arrangement is more advantageous to the US.

Treasury Financial Manual (TFM) Section 4-9030 requires that operating account balances, or forfeiture of potential interest earnings on the account, will not be used to subsidize banking services that would otherwise be funded through the appropriation process, e.g. cashier services. Minimum balances requested by the bank are to be avoided. The level of the account balances will be determined solely by the disbursing requirements. To meet this criteria, if the bank proposes, or the embassy requests, special services under this category, and/or minimum account balances are proposed by the bank, the evaluation process must include a finding that the balances are consistent only with disbursing requirements, and are not set to produce extra bank income to support the services rather than interest payments to the USG.

b. When should a bank account be considered to be changed:

(1) A review of the arrangement with the designated depository should be performed annually.

(2) When the embassy is not satisfied with the service being provided.

(3) When the embassy receives an unsolicited request for the embassy bank account from a bank and that bank:

—Offers a more beneficial banking arrangement than currently received, or

—Reflects a higher level of American ownership than the present depository.

4 FAH-3 H-351.2-2 Solicitation, Review and Designation Procedures

(TL:FMP-2; 4-30-95)

a. When it has been determined that a bank solicitation will be initiated, the embassy should advise the servicing USDO of the embassy's desire to re-bid the embassy bank account and request the USDO's assistance.

b. The USDO will then send the embassy a questionnaire to be further developed and refined to reflect the embassy's particular needs.

c. The embassy will send a letter, with the questionnaire attached, to all American-owned, as well as leading local banks, advising the banks that the embassy is soliciting banking services. The letter and questionnaire should contain particulars about the account, such as the average balance estimated to be maintained, how it will be funded, the number of checks written each month, any special banking services required (with reference to the restriction on minimum balances from 4 FAH-3 H-351.2-1(a)), etc. If this information is not available at the embassy, the embassy should obtain it from the servicing USDO. The letter should explain that the questionnaire will be evaluated on the basis of the bank's response (using criteria outlined in 4 FAH-3 H-351) in comparison with responses from other local banks. The letter will request the bank to be prepared to enter into a written agreement regarding the services the bank will provide. If the bank will not enter into a the embassy understands will be provided by the banks. If special services are requested, such as providing accommodation exchange on Embassy premises, the letter should contain a disclaimer statement similar to the following:

(1) The embassy will not make good any dishonored checks which have been accepted and negotiated by the bank. The embassy will provide the best information available, or attempt to obtain the information, on the current whereabouts of the makers of such checks, consistent with applicable laws and regulations.

(2) Although the embassy exercises diligence in maintaining security of property on embassy premises, the USG does not accept liability for loss or damage to bank personal property kept on the Embassy premises for the purpose of providing these services.

d. The embassy must establish a deadline for responses which should take into consideration the urgency of the need. If there is no immediate need to change banks, a 30-day deadline is recommended.

e. The embassy may wish to advise the banks that the maintenance of the disbursing officer's operating account may lead also to the eventual transfer of nonofficial account(s) to the bank, if any exist at the post. The embassy may wish to provide necessary background information on the unofficial account(s), such as the number of account(s), average balances in the account(s) etc. Should the embassy elect to provide this information, it should be made clear to the banks that the post has no control over the account(s), and that the unofficial account(s) may or may not move with the embassy account. The bank should also be made aware that these accounts are not in any way linked to the USDO's official account, and that the bank may not charge the USDO's account for uncollectible items originally credited to or drawn on other unofficial accounts.

f. In the process of selecting a depository to maintain the disbursing officer's operating account, there are at least two times when the embassy must communicate with the disbursing officer who services the Embassy. The embassy must:

(1) Coordinate letters and questionnaires to be sent to the financial institutions with the disbursing officer servicing the post before canvassing financial institutions is initiated; and

(2) Send the servicing USDO the original responses with the embassy's recommendation of a banking institution for the USDO to review the responses and comment on the embassy's selection.

Along with the responses, the embassy should also prepare and forward to the disbursing officer for review a memorandum that provides any additional information helpful in making a selection. Preferences should be stated with explanations. Special services required should be discussed, including reasons and a statement that proposed balances are consistent with disbursing requirements and should not result in forfeiture of interest or extra income to the bank to support the services. A copy of the letter sent to the financial institution should also be forwarded. The USDO may request additional information from the embassy before submitting the responses/recommendations to the Department.

g. The USDO, following review and approval of the embassy's selection, will then forward:

—All bank bids;

—The embassy's memorandum containing its choice and the justification for the selection; and

—A memorandum from the USDO to the Chief, Banking and Cash Management Division (FMP/F/IFS/OFMO/BCM), stating concurrence/nonconcurrence with the embassy selection, with additional USDO comments as appropriate.

h. Upon receipt of the bid package from the USDO, FMP/F/IFS/OFMO/BCM will review the bank bids to determine if the selected banking institution's bid is the most beneficial bid, and if so, will request Treasury to designate the selected banking institution (designated depository), including in the request a statement that the proposed depository and the account meet the criteria of TFM 4 9030.

i. Treasury Department will then prepare a letter designating the selected banking institution as a DEPOSITARY of USG funds. Treasury Department will send the letter to FMP/F/IFS/OFMO/BCM which in turn will send the original letter and one copy to the embassy, and a copy to the USDO. The embassy will present the original designation letter to the bank.

4 FAH-3 H-351.2-3 Actions Necessary After a New Bank is Designated

(TL:FMP-2; 4-30-95)

After a new bank is designated, the USDO must do the following:

—Sign signature cards, normally the USDO will make an imprint of their signature die on the bank's signature card.

—Obtain new bank checks and determine if the bank will accept a USDO universal check or if a special size and formatted check is required.

—Coordinate all changes with FMP/F/FMS/FSRI/FR to insure that software is adjusted accordingly.

4 FAH-3 H-351.3 Monthly Bank Reconciliation

(TL:FMP-2; 4-30-95)

The USDO obtains a monthly bank statement in duplicate covering the full calendar month supported by paid checks from the local depository if available. If the bank does not provide the returned checks the following statement must be added by a bank officer:

I certify that the above listed checks are correct and represent checks paid by the bank and charged to the account shown on this statement during the period covered by this statement. The original paid checks are on file at the bank and will be maintained for a period of one year.

4 FAH-3 H-352 RECONCILIATION

(TL:FMP-2; 4-30-95)

The USDO will perform a monthly reconciliation of each general depository account under the USDO's accountability. The reconciliation will be performed in accordance with the instructions and internal controls in the Disbursing Officer's User Manual Section 8.0, which includes details for EFT transactions. In addition to the instructions in the Disbursing Officer's User Manual, and the regulations which follow below for the processing of checks, the USDO will review the account balances which appear on the bank statements to insure that balances are being maintained only at levels consistent with disbursing requirements in accordance with TFM 4-9030.

4 FAH-3 H-353 NEGOTIABILITY OF DEPOSITARY CHECKS

4 FAH-3 H-353.1 Description of Voided and Spoiled DEPOSITARY Checks

(TL:FMP-2; 4-30-95)

a. Voided Checks. Original serially numbered checks which are not to be released to the payee due to withdrawal of the voucher or voucher items by the administrative office and consequently not reported as checks issued in the check reports of the disbursing office, will be rendered nonnegotiable by placing the words "Void—Not Negotiable, No Check Issued Under This Number" on the face of the checks in prominent size to avoid unauthorized negotiation.

b. Spoiled Checks. This classification of checks will apply to those instances where the original serially numbered checks must be rewritten due

to the checks being (1) mutilated or spoiled in preparation, or (2) incorrectly prepared. Under either of the above circumstances, disbursing offices will issue replacement checks as described below.

4 FAH-3 H-353.2 Replacement Checks for Voided or Spoiled Depositary Checks

(TL:FMP-2; 4-30-95)

Replacement by Alternate Serially Numbered Check. Disbursing offices not using control checks will use the next available serially numbered check as a replacement; such replacement checks will bear the current date of issue. All original checks so replaced, will be rendered nonnegotiable by placing the words "Spoiled—Not Negotiable, Replacement Issued Under Check No. ___ dated ___" on the face of the checks. The serial number of the new check will in no way be altered or changed, and such number will be recorded on the original check being replaced as provided above. In the lower left hand corner of the face of all replacement checks, will be noted the information "Issued to Replace Check No. ___". The disbursing office must make an appropriate notation on the related carbon copies or detailed list of checks drawn.

4 FAH-3 H-353.3 Reporting and Disposition of Voided and Spoiled Checks

(TL:FMP-2; 4-30-95)

At the close of each monthly accounting period, a separate listing in numerical sequence for the void checks and a separate listing for the spoiled checks will be submitted with the original checks and the original of Form SF-1149, Statement of Designated depositary Account. The check listings should be plainly identified as to class of checks (voided or spoiled), accounting month, name of depositary, and account number, if any. If a receipt for the shipment is desired, an extra copy of the listing or of the transmittal letter, should be furnished with the shipment.

4 FAH-3 H-354 UNDELIVERABLE DEPOSITARY CHECKS

(TL:FMP-2; 4-30-95)

The procedures prescribed in this section relate to undeliverable checks, the proceeds of which are still due the payee or estate. Checks, which are returned as undeliverable and are not due the payee, will be scheduled for cancellation at the earliest possible time. Check cancellation procedures are prescribed in 4 FAH-3 H-356 .

4 FAH-3 H-354.1 Safeguarding Undeliverable Checks

(TL:FMP-2; 4-30-95)

a. Undeliverable checks must be safeguarded in the same manner as blank check stock. The requirements of 4 FAH-3 H-311 apply.

b. Upon return of a check to the USDO or cashier because it is undeliverable, the USDO or cashier must notify the applicable certifying officer, and request a corrected address so that the check may be delivered properly and promptly.

4 FAH-3 H-354.2 Disposition of Undeliverable Checks

4 FAH-3 H-354.2-1 Scheduling of Undeliverable Checks

(TL:FMP-2; 4-30-95)

The USDO or cashier must provide for the scheduling of undeliverable checks for credit to the appropriation or fund charged with the disbursement, at the earliest practical date within the maximum period of 6 months from the month the check was issued.

4 FAH-3 H-354.2-2 Crediting

(TL:FMP-2; 4-30-95)

a. Undeliverable checks which are to be credited to the appropriation or fund account charged with their issue, will be scheduled on Form SF-1098, Schedule of Canceled or Undelivered Checks. The amounts of all checks so credited, must be established as an obligation or payable against the account credited, to allow for the future settlement of a claim from the payee or their estate for the amount due. The schedule will authorize the processing of the checks for credit, upon being signed by a duly authorized approving officer of the administrative agency whose disbursements are covered by the checks. The schedule must be prepared in a sufficient number of copies to provide support to the accounting statements which reflect the transactions, the same as for other types of collection items, and for the accounting document files of the disbursing office and the administrative agency. The schedule has been designed to reflect, in addition to the heading information and signature of the appropriate approving officer, the following data with respect to each check:

—Month and year of issue;

—Check serial number;

—Name of payee;

Amount of check (U.S. dollar equivalent at time of issue); and

—Symbol of appropriation or fund account to be credited.

b. When Form SF-1098 is used by the administrative office as an obligation or accounts payable accounting document, all columns must be completed. When the form is used as a face sheet to a listing of the checks, and other means are used to establish the obligation or accounts payable record for the amounts of the checks, only the check serial number, amount, and appropriation or fund account to be credited need be shown in the columnar spaces.

4 FAH-3 H-354.3 Establishment of Liability for Payment of the Proceeds of Undeliverable Checks Credited to Government Accounts.

(TL:FMP-2; 4-30-95)

Liability must be established in the accounts for the amounts of all undeliverable checks credited to the accounts to provide for the possible subsequent claim for the proceeds and payment to the payee. This is accomplished by the obligation or accounts payable established in 4 FAH-3 H-354.2 above. A copy of Form SF-1098 may be used as the obligation or accounts payable accounting document. Otherwise, the regular formal documentation used to establish an obligation or payable must be used.

4 FAH-3 H-354.4 Special Endorsement

(TL:FMP-2; 4-30-95)

Undeliverable checks drawn on designated DEPOSITARIES which are scheduled for credit to the accounts will, upon scheduling, be defaced by writing, typing, or stamping on the face of each check the following wording in order to preclude negotiation by unauthorized persons:

—Not-Negotiable;

—Proceeds Credited in Government Accounts; or

—Symbol.

4 FAH-3 H-354.5 Accounting Considerations

4 FAH-3 H-354.5-1 Checks Current as to Issue Date

(TL:FMP-2; 4-30-95)

Checks drawn on designated depositaries by Government disbursing offices which are current as to date of issue, will be scheduled for credit to the appropriation or fund account charged with the disbursement or to the

appropriate succeeding account. On the basis of a certified Form SF-1098, the disbursing office will process the credit to the appropriation or fund account and will adjust the checkbook balance and the record of outstanding checks to reflect the action taken on the checks. The checks will be forwarded with the office's monthly Form SF-1149, in the same manner as for voided and spoiled checks (I TFM 4-8030.40).

4 FAH-3 H-354.5-2 Checks Uncurrent as to Date of Issue

(TL:FMP-2; 4-30-95)

Any uncurrent checks (defined in 4 FAH-3 H-355.1) which come into the possession of the disbursing office, the proceeds of which have been transferred to the deposit fund account 20X6045, Proceeds and Payment of Certain Unpaid Checks, and for which no current claim has been presented, must be forwarded directly to the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548.

4 FAH-3 H-354.5-3 Vouchering Claims for the Proceeds of Undeliverable Checks Credited to Agency Accounts

(TL:FMP-2; 4-30-95)

In processing claims for the proceeds of undeliverable checks which have been credited to agency accounts, the payments must be supported by a regular disbursement voucher signed by a duly authorized certifying officer. Each basic voucher should cite a reference to the original undeliverable check, showing the check serial number, amount, and disbursing symbol number. In those cases where the combination voucher and schedule of payments forms are used, if appropriate, the basic voucher supporting the schedule may be of the same type or form used for support of the first check issue. Where voucher-schedules are not used, Form SF-1034, Public Voucher for Purchases and Services Other than Personal, must be used as the payment document (Form SF-1034 is illustrated in Appendix No. 1, Treasury Financial Manual, 1 TFM 4-2000).

4 FAH-3 H-354.5-4 Issue of Replacement Checks for Defaced Undeliverable Checks

(TL:FMP-2; 4-30-95)

If the safekeeping procedures with respect to undeliverable checks being held pending delivery to the payee provided for the checks to be defaced prior to the time when action will be taken to credit the proceeds of the checks to the agency's accounts, it will be necessary to issue a replacement check to the payee if the check is claimed before credit action is taken. Under such circumstances the defaced undeliverable check will be treated as a spoiled check and processed under the procedures set forth in 1 TFM 4-8030.

4 FAH-3 H-354.6 Unnegotiated Checks Drawn on Designated Depositories Involving Deceased or Incompetent Payees

4 FAH-3 H-354.6-1 Checks Which are Current as to Date of Issue

(TL:FMP-2; 4-30-95)

Unnegotiated checks which are still current as to date of issue, submitted to an administrative agency or a disbursing office in connection must a claim for the proceeds which are still due a deceased or incompetent payee, must be scheduled for credit to the appropriation or fund account originally charged, simultaneously establishing a liability for the subsequent payment of the proceeds of such checks pursuant to a claim and settlement. Form SF-1098 must be used to schedule the checks for credit to the appropriation or fund account involved.

4 FAH-3 H-354.6-2 Checks Which are Uncurrent as to Date of Issue

(TL:FMP-2; 4-30-95)

Unnegotiated checks which are uncurrent as to date of issue, the proceeds of which are still due a deceased or incompetent payee, must be forwarded with the claim for the proceeds to the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548, for settlement.

4 FAH-3 H-354.7 Accommodation Exchange Checks

(TL:FMP-2; 4-30-95)

a. Undeliverable depositary checks which have been issued in accommodation exchange transactions are voided (see 4 FAH-3 H-353) and the cash proceeds entered into the suspense deposit abroad account, 19X6809 for the payee.

b. When all efforts to contact the payee have failed, the proceeds are considered as a balance which cannot be refunded by the post and handled according to 4 FAH-3 H-322.2-6 .

4 FAH-3 H-355 UNCURRENT DEPOSITARY CHECKS

4 FAH-3 H-355.1 General

(TL:FMP-2; 4-30-95)

a. Designated depositary checks which have remained outstanding and unpaid in the checking account under which they were drawn, for one full fiscal year after the fiscal year in which they were issued, are classified as "uncurrent" under the laws of the United States. The amount of such checks must be transferred from the depositary checking account against which they were drawn to an account on books of Treasury (31 U.S.C. 1322) except as provided in 1 TFM 4-8080.90.

b. Each disbursing office will be responsible for making the necessary transfer from its depositary checking account to the account 20X6045, "Proceeds and Payment of Certain Unpaid Checks," when the checks become "Uncurrent".

c. When depositary checks become uncurrent in a shorter period of time due to the banking laws of the country concerned, the checks are revalidated and returned to the payees. If it is not possible to revalidate the checks, the procedures in section (replacement checks) are followed.

d. The transfer of proceeds of uncurrent checks, as appropriate, may be made by:

—The disbursing office which issued the checks;

—The successor disbursing office; or

—The disbursing office designated by the central office of the disbursing agency concerned.

4 FAH-3 H-355.2 Disposition of Uncurrent Checks

4 FAH-3 H-355.2-1 Timing

(TL:FMP-2; 4-30-95)

The disbursing office will make transfers on a regular basis, as soon as possible after the close of each fiscal year. The transfer will be reflected in the disbursing office's account for the month following the end of the fiscal year: the transfer to be made in that month will comprise the proceeds of all unpaid checks issued and dated within the fiscal year preceding the fiscal year just closed.

4 FAH-3 H-355.2-2 Scheduling

(TL:FMP-2; 4-30-95)

a. The disbursing office must prepare, in quadruplicate, a list with an appropriate heading showing the name and location of the disbursing office, and the name and location of the depository. The checks will be listed in numerical order. The following information will be shown for each check:

- Date of check;
- Number of check;
- Name of payee;
- Amount of check—foreign currency; and
- Amount of check—out dollar equivalent at time of issue.

The list must show the total amount of foreign currency units and the total U.S. dollar equivalent. The total U.S. dollar equivalent at the time the checks were issued, must be the amount of the U.S. dollar transfer to account 20X6045.

b. The disbursing office must distribute copies of the list of uncurrent designated depository checks as follows:

—Original—The original must be forwarded with a copy of the transfer voucher and the Treasury check to the Department of the Treasury, Financial Management Service, Comptroller, Liberty Center, Washington, D.C. 20227;

—Copy No. 1—This copy must be forwarded to the designated depository;

—Copy No. 2—This copy must be forwarded with the original to Treasury for transmission to the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548 with a copy of the confirmed certificate of deposit indicating credit to the account 20X6045; and

—Copy No. 3—This copy must be retained for the files of the disbursing office.

c. The disbursing officer's copies of the uncurrent checks are marked "Uncurrent—Scheduled OCT. 19 Accounts".

4 FAH-3 H-355.2-3 Accounting and Reporting

(TL:FMP-2; 4-30-95)

a. The proceeds of the uncurrent checks are restored to the checking account balance in the bankbook, and are recorded as a collection in the FSA account on Form OF-209, Accountability Record, (formerly FS-465). The collection is reported on Form SF-1221, Statement of Transactions According to Appropriations, Funds, and Receipt Accounts (Foreign Service Account), to the Bureau of Government Financial Operations, Treasury Department, as a credit to 20X6045, Proceeds and Payments of Certain Unpaid Checks.

b. If it becomes necessary to correct duplicate credits or transfers to 20X6045, Form OF-1017G, Journal Voucher is prepared. The explanation includes the disbursing officer name and month in which the duplication was made. The "Debit" column is completed charging 20X6045 and the "Credit" column is left blank. The document is processed as a payment item and the checkbook balance is correspondingly decreased. The original of Form OF-1017G is retained by the disbursing officer and the copy is forwarded with the original Form SF-1221 to the Department of Treasury, Financial Management Services, 401 14th Street, S.W., Washington, D.C. 20227.

4 FAH-3 H-355.2-4 Stop Payment Notice to Depositary

(TL:FMP-2; 4-30-95)

The disbursing office will immediately furnish one copy of the list of uncurrent outstanding checks to the depositary to place a stoppage of payment on all checks listed thereon. The depositary will be instructed to advise all claimants presenting such checks for payment, to submit the checks to the disbursing office for transmittal to the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548 for settlement.

4 FAH-3 H-355.3 Claims Against Uncurrent Checks

4 FAH-3 H-355.3-1 Settlement of Claims

(TL:FMP-2; 4-30-95)

a. Claims of payees for the proceeds of checks which have been credited to 20X6045, Proceeds and Payment of Certain Unpaid Checks, are not to be settled by the USDO or RDO. They are for consideration and settlement by the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548.

b. When a payee presents an uncurrent check for payment, the payee is directed to submit a letter over the payee's signature which requests payment of the check and bears the payee's post office address.

c. The check, accompanied by the claimant's letter, is forwarded by letter to the General Accounting Office, General Government Division Claims Group, for settlement. The letter includes the following information:

—The date of transaction crediting 20X6045 with the proceeds of the check; and

—The total dollar amount of the transaction which included the check.

4 FAH-3 H-355.3-2 Uncurrent Checks Paid by Bank

(TL:FMP-2; 4-30-95)

a. Although stop payment action in relation to uncurrent checks is requested of banks, in accordance with, occasionally payment is inadvertently made. In such case, the disbursing officer's bank balance is less than the checkbook balance by an amount equal to the check amount.

b. A letter explaining the circumstances and requesting adjustment action is directed to the General Accounting Office, General Government Division Claims Group, Room 5047, Washington, D.C. 20548. The letter should contain a factual statement, if there is nothing of record to indicate that the payee was not or is not entitled to the proceeds as well as the name and address of the disbursing officer to whom the settlement check is to be forwarded.

4 FAH-3 H-355.4 Effecting Transfer of Uncurrent Checks Pertaining to Closed Accounts

(TL:FMP-2; 4-30-95)

When outstanding, unpaid checks become uncurrent in a closed designated depository checking account and it is necessary to accomplish the transfer of the U.S. dollar equivalent of the uncurrent checks to the account 20X6045, the disbursing office having jurisdiction over the account, will arrange for the necessary transfer to its current designated depository checking account. After the transfer has been accomplished, the procedures outlined in I TFM 4-8080.60 will be followed. In this type of case, if the closed designated depository checking account pertains to a closed disbursing office, one additional copy of the uncurrent check list should be prepared for filing with the retained copies of the office's accounts. On this copy of the list, reference should be made to the disbursing office accomplishing the transfer and the date the transfer was made.

4 FAH-3 H-356 CANCELLATION OF DEPOSITARY CHECKS

4 FAH-3 H-356.1 Request for Cancellation

(TL:FMP-2; 4-30-95)

The cancellation is requested by official memorandum to the USDO, with a copy of the original certified voucher attached, or by Form SF-1098, in accordance with 4 FAH-3 H-356.2 .

4 FAH-3 H-356.2 Cancellation of Current Checks

4 FAH-3 H-356.2-1 Inscription of Check

(TL:FMP-2; 4-30-95)

All available checks to be canceled must be marked with the words "CANCELED—NOT NEGOTIABLE" in bold letters.

4 FAH-3 H-356.2-2 Scheduling

(TL:FMP-2; 4-30-95)

a. Canceled depository checks are listed on Form SF-1098, Schedule of Canceled or Undelivered Checks. If the check being canceled was issued

in connection with an accommodation exchange transaction, a separate Form SF-1098 is prepared and, in lieu of showing an appropriation or fund symbol, the term "Issued for Accommodation Exchange" is inserted. At the same time, a refund of the dollar amount collected for the exchange transaction must be made to the remitter.

b. In all cases where practicable, Form SF-1098 will be prepared by the administrative agency or office which submitted the original certified voucher for the check if the schedule is prepared by the disbursing office as a service convenience, such schedule must be signed by the proper official or representative of the administrative agency.

4 FAH-3 H-356.2-3 Accounting and Reporting

(TL:FMP-2; 4-30-95)

The amount on Form SF-1098 is entered in the receipts column of the disbursing officer's OF-209, Accountability Record, (formerly FS-465) and reported as a collection on the agency's Form SF-1221. Form SF-1098 is processed as a collection document in the allotment accounting records, unless the canceled check was issued in connection with accommodation exchange. In the latter case, Form SF-1098 is not entered in the allotment accounting records. Instead, the reversing transaction is reflected on Form DS-1694, Exchange Transaction Record, on Form OF-209, and on Form SF-1218, but not on Form SF-1221. The amount on Form SF-1098 is also restored to the checkbook balance.

4 FAH-3 H-356.2-4 Submission

(TL:FMP-2; 4-30-95)

Form SF-1098 with the canceled checks attached is submitted to the USDO or RDO, as applicable, and the USDO or RDO submits them to Treasury with Form FS-440, Statement of depositary Account and Report of Checks Drawn

4 FAH-3 H-356.3 Cancellation of Unavailable Check

(TL:FMP-2; 4-30-95)

If a check to be canceled is not available for inscription and submission, the accounting and reporting are the same as in 4 FAH-3 H-356.2 but the following action as indicated below is also required.

4 FAH-3 H-356.3-1 Form SF-1098

(TL:FMP-2; 4-30-95)

When preparing Form SF-1098, an explanation is given, on the form, of the circumstances under which the check is unavailable. The schedule is approved by the appropriate official of the administrative agency responsible for the issuance of the check. The USDO also signs the schedule under the explanation of the check's unavailability.

4 FAH-3 H-356.3-2 Stop Payment Order to Depositary

(TL:FMP-2; 4-30-95)

The USDO or regional disbursing officer (RDO) requests the depositary, on which the check was drawn, to place a stop payment order on the check and obtain a written acknowledgment of the action from the bank. A copy of the depositary's acknowledgment is attached to each copy of Form SF-1098 and will then be processed in the accounts of the disbursing office with credit to the checking account balance and the related appropriation or fund account, the same as any other check cancellation action.

4 FAH-3 H-356.4 Cancellation of Uncurrent Checks

(TL:FMP-2; 4-30-95)

When necessary, a USDO or RDO cancels an uncurrent check, the amount of which has been credited to account 20X6045, Proceeds and Payment of Certain Unpaid Checks, as indicated below.

4 FAH-3 H-356.4-1 Form SF-1098

(TL:FMP-2; 4-30-95)

Form SF-1098 is prepared in accordance with 4 FAH-3 H-356.2-2 , except:

—An additional copy of the form is required;

—The form title is annotated to include: "REQUEST FOR CANCELLATION OF UNCURRENT CHECK";

—The agency appropriation, or M account, with which check was originally charged is shown as the fund to be credited, in the same manner as for other canceled checks; and

—The month and year in which the check was reported as uncurrent is included in the body of the form.

4 FAH-3 H-356.4-2 Form OF-1017G

(TL:FMP-2; 4-30-95)

Form OF-1017G, Journal Voucher, is prepared in duplicate to document the transfer action from account 20X6045 and a full explanation of the transaction is included on the form. In the "Debit" column of Form OF-1017G, 20X6045 is shown as the fund from which the amount is paid. In the "Credit" column, the cross-reference "See Form SF-1098 attached" is shown. Form SF-1098 indicates the appropriation to which the amount is recorded as a collection.

4 FAH-3 H-356.4-3 Disposition of Documents

(TL:FMP-2; 4-30-95)

a. A copy of Form OF-1017G, an additional copy of Form SF-1098, and, if available, the uncurrent check marked "NOT NEGOTIABLE" are forwarded with Form SF-1221, which includes account 20X6045, to: Finance Division, Office of the Comptroller, Financial Management Service, Treasury Department, Liberty Center, Room 257, Washington, D.C. 20227. Another copy of Form SF-1098 is forwarded with Form SF-1221 which reflects the appropriation credit.

b. Serviced posts request cancellation of an uncurrent check by letter to the center where the necessary documentation is prepared. If the uncurrent check is available, it is marked "NOT NEGOTIABLE" and is enclosed with the letter.

4 FAH-3 H-356.5 Cancellation of Current Checks

(TL:FMP-2; 4-30-95)

Depository checks which have a "current" status may be processed for cancellation by the disbursing office. If the check is a foreign currency check, the U.S. dollar equivalent of the check and the rate of exchange effective on the date of issue as shown on the payment voucher, should be entered on Form SF-1098. Depending on whether the check is payable against an open or closed depository checking account, the following procedures will apply.

(1) If the check is drawn on an open depository checking account, Form SF-1098 will be processed in the disbursing office accounts to effect the credit to the appropriation or fund account and to adjust the checkbook balance and record of outstanding checks. The month and year that the amount of the check is restored to the checkbook balance must be entered on

the face of the depositary check. The checks and a copy of Form SF-1098 must be forwarded with the original copy of the monthly Form SF-1149.

(2) If the check is drawn on a closed depositary checking account, it will be necessary to arrange for a transfer of funds between checking accounts before processing the cancellation action. If the transfer can be accomplished by drawing a check against the closed account for deposit to the open account, this procedure should be followed. Otherwise, the procedures outlined below will be followed in processing the necessary transfer.

(a) If the check to be canceled is drawn on the depositary currently being used by the disbursing office, the depositary must be advised by letter or memorandum that the check is in possession of the disbursing office and is being canceled, and that it is appropriate to transfer the amount of funds involved, from the closed account to the open account. Upon advice from the depositary of the transfer, the disbursing office must then process the cancellation action in the current checking account as set forth in the first subparagraph under.

(b) When the check to be canceled is drawn on a designated depositary different from the one currently being used by the disbursing office processing the cancellation, a written request must be made on the depositary against which the check was drawn to charge the checking account for the check being officially canceled and to transmit the funds to the disbursing office. Upon receipt of the funds, they must be deposited in the current checking account and treated as a collection transaction for credit to the related appropriation or fund account. The transaction must be identified as being the proceeds of a canceled check.

4 FAH-3 H-357 THROUGH H-359 UNASSIGNED